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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/964,973	09/27/2001	Jeffery O. Burrell	60027.0050US01	2947
39262	7590	12/07/2006	EXAMINER	
MERCHANT & GOULD BELLSOUTH CORPORATION P.O. BOX 2903 MINNEAPOLIS, MN 55402			O'CONNOR, GERALD J	
			ART UNIT	PAPER NUMBER
			3627	

DATE MAILED: 12/07/2006

Please find below and/or attached an Office communication concerning this application or proceeding.

Office Action Summary	Application No.	Applicant(s)
	09/964,973	Burrell et al.
	Examiner	Art Unit
	O'Connor	3627

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE THREE MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) Responsive to communication(s) filed on September 6, 2006.
- 2a) This action is FINAL. 2b) This action is non-final.
- 3) Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) Claim(s) 11, 13, 16, and 22-35 is/are pending in the application.
- 4a) Of the above claim(s) 27-35 is/are withdrawn from consideration.
- 5) Claim(s) _____ is/are allowed.
- 6) Claim(s) 11, 13, 16, and 22-26 is/are rejected.
- 7) Claim(s) _____ is/are objected to.
- 8) Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) The specification is objected to by the Examiner.
- 10) The drawing(s) filed on _____ is/are: a) accepted or b) objected to by the Examiner.
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

- 12) Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
 - a) All b) Some * c) None of:
 1. Certified copies of the priority documents have been received.
 2. Certified copies of the priority documents have been received in Application No. _____.
 3. Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).
- * See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

- | | |
|---|---|
| 1) <input type="checkbox"/> Notice of References Cited (PTO-892) | 4) <input type="checkbox"/> Interview Summary (PTO-413) |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948) | Paper No(s)/Mail Date. _____. |
| 3) <input checked="" type="checkbox"/> Information Disclosure Statement(s) (PTO-1449 or PTO/SB/08)
Paper No(s)/Mail Date <u>20060705</u> | 5) <input type="checkbox"/> Notice of Informal Patent Application (PTO-152) |
| | 6) <input type="checkbox"/> Other: _____. |

DETAILED ACTION

Preliminary Remarks

1. This Office action responds to the amendment and arguments filed by applicant on September 6, 2006 in reply to the previous Office action on the merits, mailed May 31, 2006.
2. The amendment of claims 11, 13, 16, and 22 by applicant in the reply filed September 6, 2006 is hereby acknowledged.
3. The cancellation of claims 1-10, 12, 14, 15, 17, and 21 by applicant in the reply filed September 6, 2006 is hereby acknowledged.
4. The addition of claims 23-35 by applicant in the reply filed September 6, 2006 is hereby acknowledged.

Election/Restriction

5. Newly submitted claims 27-35 (Invention II) are directed to an invention that is independent or distinct from the invention originally claimed (Invention I) for the following reasons:

Invention II is related to Invention I as process and apparatus for its practice. The inventions are distinct if it can be shown that *either*: (1) the process as claimed can be practiced by another, materially different apparatus, or by hand, *or* (2) the apparatus as claimed can be used to practice another, materially different process. (MPEP § 806.05(e)). In this case, the process as claimed can be practiced by another, materially different apparatus, or by hand, such as a process wherein at least some of the steps are performed by hand/manually.

6. Since applicant has received an action on the merits for the originally presented invention, this invention has been constructively elected by original presentation for prosecution on the merits. Accordingly, claims 27-35 are withdrawn from consideration as being directed to a non-elected invention. See 37 CFR 1.142(b) and MPEP § 821.03.

Claim Rejections - 35 USC § 101

7. The following is a quotation of 35 U.S.C. 101:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

8. To be considered statutory, claimed subject matter requires four things¹:

(1) the claimed subject matter *must* lie within the ambit of the *four classes* of statutory subject matter enumerated in 35 U.S.C. 101, those being any new and useful *process, machine, manufacture, or composition of matter*;

(2) the claimed subject matter *must not* fall within any of the *three categories* of statutory subject matter *exceptions* enumerated by the courts, those being, *in the absence of any practical application: abstract ideas, laws of nature, and natural phenomena*;

(3) any *practical application* of one of the three *otherwise nonstatutory* categories of exceptions *must not preempt* the underlying abstract ideas, laws of nature, or natural phenomena by foreclosing others from *substantially all other practical applications* of the *same* abstract ideas, laws of nature, or natural phenomena; *and*,

(4) any *practical application* of one of the three *otherwise nonstatutory* categories of exceptions *must* be evidenced in at least one of two possible ways:

- (a) by transforming an article or physical object to a different state or thing; or,
(b) by otherwise producing any useful, concrete, and tangible result.

¹ *Interim Guidelines for Examination of Patent Applications for Patent Subject Matter Eligibility*, published by order of the Commissioner for Patents, available in pdf format online on the Internet at: http://www.uspto.gov/web/offices/pac/dapp/opla/preognitice/guidelines101_20051026.pdf.

9. Claims 11, 13, 16, and 22-26 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter.

Claims 11, 13, 16, and 22-26 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter. Claims 11, 13, 16, and 22-26 fail to satisfy the fourth, and thus the second, requirements for statutory subject matter eligibility because they are considered to be drawn merely to the production and/or manipulation of non-functional descriptive material, effecting no “useful, concrete, and tangible result.” It has been held that such claims, even if the non-functional descriptive material is claimed in combination with a computer-readable medium, are considered to comprise non-statutory subject matter, for merely manipulating an abstract idea. *In re Lowry*, 32 USPQ2d 1031 (Fed. Cir. 1994).

Moreover, claims 11, 13, 16, and 22-26 fail to satisfy the third requirement for statutory subject matter eligibility because they are considered to *preempt* the underlying abstract idea, since they would foreclose others from *substantially all practical applications* of the *same* abstract idea. It has been held that such claims are considered to be unpatentable for comprising non-statutory subject matter. *In re Schrader*, 22 F.3d 290, 295; 30 USPQ2d 1455, 1459 (Fed. Cir. 1994).

Claim Rejections - 35 USC § 103

10. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

11. Claims 11, 13, 16, and 22-26 are rejected under 35 U.S.C. 103(a) as being unpatentable over the admitted prior art, as described in the background of the specification on pages 1 and 2.

Regarding claims 11 and 16, the admitted prior art includes all of the elements of claims 11 and 16 except that the admitted prior art does not include making substitutions of inventory for interchangeable parts to offset a surplus of one with a shortage of another, based on a substitution table to indicate interchangeability of parts; the admitted prior art does not include any of the functionality being performed by a processing device, as opposed to being performed manually, by a human being; and, the admitted prior art does not include generating a report to indicate changes made.

However, storing a list of interchangeable parts in a table and making substitutions of interchangeable parts to offset a shortage of one with a surplus of another is a well known, hence obvious, technique to employ in performing an accounting of inventory, and official notice to that effect is hereby taken. For example, if 60 Energizer AA batteries and 40 Duracell AA batteries are later determined to instead be 60 Duracells and 40 Energizers, there are still 100 AA

batteries. Therefore, it would have been obvious to one of ordinary skill in the art, at the time of the invention, to have modified the method of the admitted prior art so as to provide a substitution table of interchangeable parts and make substitutions of interchangeable parts to offset a shortage of one with a surplus of another, as is well known to do, in order to minimize the amount of adjustments being made to correct the inventory, thereby improving the accuracy, since so doing could be performed readily and easily by any person of ordinary skill in the art, with neither undue experimentation, nor risk of unexpected results, and, to utilize a processing device to implement/perform the functionality, since the underlying method steps/functions to be performed by the apparatus are themselves all either previously known or else considered obvious, and because it has been held that broadly providing a mechanical or automatic means to replace manual activity which would accomplish the same result involves only routine skill in the art. *In re Venner*, 120 USPQ 192.

Regarding the aspect of generating a report to indicate changes made, generating a report/log to indicate changes made to a database record such as an inventory database (i.e., an edit/change log) is well known, hence obvious, to those of ordinary skill in the art. Therefore, it would have been obvious to one of ordinary skill in the art, at the time of the invention, to have further modified the processing device discussed above, so as to have included the provision of an edit/change log report, in order to have a record of changes made to the database in case any of the changes needed to be backed out (i.e., undone), since so doing could be performed by any person of ordinary skill in the art, with neither undue experimentation, nor risk of unexpected results.

Regarding claims 13 and 22-26, the admitted prior art includes all of the additionally recited elements except for the steps of removing outlier values from the data; averaging the remaining data values; and, using the calculated average as the adjustment amount when the current inventory data needs to be updated/adjusted/corrected due to a discrepancy in the count of items, as determined by an updated inventory assessment, rather than simply using the oldest/earliest value and using that value without regard as to whether or not the value was obviously erroneous. However, FIFO, LIFO, average, and weighted average are four well known, hence obvious, techniques to use in the valuation of inventory, and official notice to that effect is hereby taken. Furthermore, excluding obviously erroneous, mis-keyed data to improve the accuracy of results when averaging data is also a well known, hence obvious, technique to use when calculating a statistical average, and official notice to that effect is also hereby taken.

Therefore, it would have been obvious to one of ordinary skill in the art, at the time of the invention, to have modified the method described in the admitted prior art, so as to periodically perform necessary corrections/adjustments/updates to inventory based on inventory valuation calculated on an average basis, rather than a FIFO basis, as is well known to do, and to exclude clearly erroneous, mis-keyed data when calculating the average, as is also well-known to do, in order to produce an accounting of inventory that would be as accurate as possible, and since so-doing could be performed readily and easily by any person of ordinary skill in the art, with neither undue experimentation, nor risk of unexpected results.

Response to Arguments

12. Applicant's arguments filed Sept. 6, 2006 have been fully considered but are not persuasive.

13. Regarding applicant's arguments against the references individually, one cannot show nonobviousness by attacking references individually where the rejections are based on combinations of references. See *In re Keller*, 642 F.2d 413, 208 USPQ 871 (CCPA 1981); *In re Merck & Co.*, 800 F.2d 1091, 231 USPQ 375 (Fed. Cir. 1986).

14. To the extent that applicant is arguing that the examiner's conclusion of obviousness is based upon improper hindsight reasoning, it must be recognized that any judgment on obviousness is in a sense necessarily a reconstruction based upon hindsight reasoning. But so long as it takes into account only knowledge which was within the level of ordinary skill at the time the claimed invention was made, and does not include knowledge gleaned only from the applicant's disclosure, such a reconstruction is proper. See *In re McLaughlin*, 443 F.2d 1392, 170 USPQ 209 (CCPA 1971).

15. To the extent that applicant is arguing that a rejection cannot be "based on Applicant's disclosure," note that a rejection cannot be based on applicant's disclosure of *what is applicant's invention*, but a rejection can indeed be based on applicant's disclosure of *what is prior art*. See MPEP § 2129(II).

Conclusion

16. The prior art made of record and not relied upon is considered pertinent to the disclosure.

17. Applicant's amendment necessitated any new ground(s) of rejection presented in this Office action. Accordingly, **THIS ACTION IS MADE FINAL**. See MPEP § 706.07(a). Applicant is reminded of the extension of time policy as set forth in 37 CFR 1.136(a).

A shortened statutory period for reply to this final action is set to expire THREE MONTHS from the mailing date of this action. In the event a first reply is filed within TWO MONTHS of the mailing date of this final action and the advisory action is not mailed until after the end of the THREE-MONTH shortened statutory period, then the shortened statutory period will expire on the date the advisory action is mailed, and any extension fee pursuant to 37 CFR 1.136(a) will be calculated from the mailing date of the advisory action. In no event, however, will the statutory period for reply expire later than SIX MONTHS from the date of this final action.

18. Any inquiry concerning this communication, or earlier communications, should be directed to the examiner, **Jerry O'Connor**, whose telephone number is **(571) 272-6787**, and whose facsimile number is **(571) 273-6787**.

The examiner can normally be reached weekdays from 9:30 to 6:00.

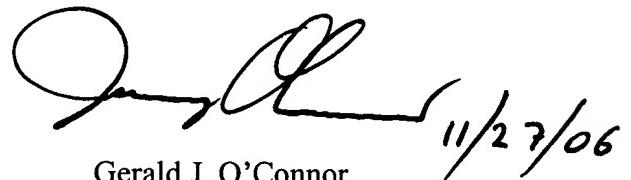
Official replies to this Office action may now be submitted electronically by registered users of the EFS-Web system. Information on EFS-Web tools is available on the Internet at: <http://www.uspto.gov/ebc/portal/tools.htm>. An EFS-Web Quick-Start Guide is available at:

<http://www.uspto.gov/ebc/portal/efs/quick-start.pdf>.

Additionally, official replies to this Office action may still be submitted by any *one* of fax, mail, or hand delivery. **Faxed replies should be directed to the central fax at (571) 273-8300.** Mailed replies should be addressed to “Commissioner for Patents, PO Box 1450, Alexandria, VA 22313-1450.” Hand delivered replies should be delivered to the “Customer Service Window, Randolph Building, 401 Dulany Street, Alexandria, VA 22314.”

GJOC

November 27, 2006

A handwritten signature in black ink, appearing to read "Gerald J. O'Connor". To the right of the signature is the date "11/27/06" written in a similar style.

Gerald J. O'Connor
Primary Examiner
Group Art Unit 3627